

THE WHITE HOUSE
WASHINGTON

MAR 19 1970

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Army, OSD,
JCS, NSS,
reviews
completed

MEMORANDUM FOR THE PRESIDENT

FROM: Henry A. Kissinger
SUBJECT: The Risks of Vietnamization
(Signed) HK

Secretary Laird's Memorandum

Secretary Laird has written you a memorandum (at Tab A) which strongly suggests that budget stringencies may require adjustments in Vietnam programs that may affect the progress of Vietnamization.

The Secretary begins by noting that we have already had to cut back on some operational support, such as B-52 sorties, for Vietnam in FY 70. He further indicates that "we shall have to be increasingly mindful of costs" through FY 1970 and FY 1971. Southeast Asia war costs in the DOD budget will fall from \$14.7 billion in FY 70 to \$10.5 billion in FY 71.

Secretary Laird concludes: "Current budget plans should be adequate to support our objectives, but the choices involved in allocating the increasingly scarce resources will become harder and harder."

Secretary Laird provides two examples of what this situation may mean:

-- The budget demands of war can be uncertain: the 35% surge in bombing in Laos between October 1969 and January 1970 ran up DOD costs by an unprogrammed \$100 million. Finding the funds from elsewhere in DOD budget "will not be an easy chore."

-- Since DOD's budget plans assumed "significant reductions in both our deployment and activity rates would be feasible, U.S. combat and combat support efforts will continue to be reduced."

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I understand that a major aspect of the problem is that the Navy and Army budgets are consistent with 260,000 U.S. troops in Vietnam at the end of FY 71, whereas the Air Force budget -- for B-52 sorties and tactical air support -- is consistent with only 190,000 U.S. troops in Vietnam at the end of FY 71. Thus, if 260,000 turns out to be correct (the JCS recommend 270,000), we will be short about \$1 billion in B-52 and tactical air support for the war. To provide this support, other programs would have to be cut, unless we can conclude that the sorties we must give up are not crucial to the war effort.

To stay within the budget ceilings he established and to accommodate unplanned expenditures, Secretary Laird has told the JCS to "identify trade-offs" within our present Southeast Asia programs. As for looking elsewhere in DOD budget for relief of Southeast Asian shortfalls, Secretary Laird says: "Any such reductions would have to be at the expense of readiness levels necessary to support NATO and other non-Southeast Asian commitments."

Laird concludes his memorandum as follows:

"In thinking about Southeast Asia operations, especially any contemplated new operations, we should be aware of the generally tight budget situation. This situation will continue to constrain our operational options, and with increasing restrictiveness. When new operations are postulated, our first consideration must be the source of the resources."

This approach will be successful if everything goes according to plan, i. e., if ARVN performance, GVN territorial force performance, and GVN government effectiveness improve as planned. Most important, this approach assumes that the enemy threat to the GVN and ARVN will continue to decline. This is far from certain.

Problem

The uncertainties associated with continued Vietnamization progress were made clear to me by the report submitted by my staff

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members who recently visited South Vietnam. Based on their analysis I concluded that we cannot automatically assume that Vietnamization will succeed. Their report suggests that some reverses are highly probable. (I am sending you a summary of their report.)

The war in Vietnam is not over:

- the enemy has not been defeated nor has he given up;
- an intensive enemy logistics effort is underway in Laos;
- we have detected tentative signs that the GVN's pacification momentum may be faltering.

These signs dictate caution and suggest that the enemy still deserves respect.

General Abrams' view, as reported by Secretary Laird in his trip report, that the next redeployment increment may be the "crunch" increment, may be a reflection of his reading these same signs.

Despite improvements that have been made on the South Vietnamese side:

- ARVN forces and GVN territorial forces are by no means fully effective;
- many GVN reforms (anti-corruption, land, official attitudes) have yet to be accomplished, and economic stability is by no means guaranteed.

It would be surprising if these GVN shortcomings are overcome on schedule and if the enemy adheres to our plan.

In programing for the future, it is particularly important to recall that the gains that have been achieved in pacification and in the large unit war in the past clearly demonstrate that such progress can only result from steady pressure and full support on our part.

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Considering these uncertainties, you may want to consider whether you have adequate control of Vietnamization:

-- You have no way to systematically follow the course of Vietnamization except in the grossest sense. For example, in large degree our Vietnamization plans assume that ARVN main forces will be able to carry a steadily increasing share of the main force war. But, no periodic assessment is being provided that would show whether or not this is happening.

-- When Secretary Laird talks of "trade-offs" we have no way of knowing what is being traded off for what, nor do we know how these trade-offs affect General Abrams' plans or his expectations concerning continued pacification progress and continued success in the large unit war.

For example, cut-backs in U.S. combat support may affect the fighting capabilities of South Vietnamese forces, despite a steadily increasing combat support capability of their own. U.S. forces still provide the bulk of the combat support available to GVN territorial and regular forces. There is substantial evidence that the performance of these GVN forces varies directly with the amount of helicopter lift, gunship and medical evacuation support, tactical air support, and other combat support.

While our long-term goal must be self-sufficient Vietnamese forces, in the near term it is probably unrealistic to expect Vietnamese forces that have received relatively little U.S. assistance in the past, to perform effectively without substantial U.S. combat support.

Budget Ceilings and Vietnamization

Currently budget ceilings are being used to determine the pace of Vietnamization. They also have an important effect on the composition of Vietnamization programs.

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The Risk of Vietnamization
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The result is that Vietnamization programs are competing with all other priorities -- NATO programs, new weapons systems, etc. Moreover, the Joint Chiefs of Staff and the Services are being asked to adjudicate among the priorities -- to make the "trade-offs" with the following implications:

1. If Vietnamization goes slower than expected, if there are the usual uncertainties such as the requirement for additional B-52 sorties, or if the threat increases instead of declining as our present plans assume, the JCS and the Services are placed in a very difficult situation. They are being asked to forego programs to which they have long-standing operational or political commitments.
2. The Vietnamization process is almost by definition a process whereby the Vietnamese will require more support. Yet this Vietnamese interests are a "new" claimant on DOD's declining budget. It would be natural to expect that Vietnamization programs would get squeezed out first.
3. There is also the risk that the established budget ceilings alone and the current manner in which they are enforced will restrain our forces. They may operate too cautiously and not inflict the damage they are capable of inflicting, or they may fail to provide valuable support for the Vietnamese forces in order to avoid heavy budget outlays.
4. Most importantly Secretary Laird has seen to it that budgetary restrictions will make it impossible for you to deliver on your threat. This will soon become apparent through increasing resistance to any fund consuming operations which might be required to sustain this threat.

A Quarterly Vietnamization Report

If you want to follow the progress of Vietnamization more closely, the first requirement is to have more information. While you don't want to get into the position of deciding on day-to-day policy and program issues, you do want to know in broad terms if Vietnamization is succeeding as planned:

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- Are ARVN units taking over from U.S. units?
- Is pacification being challenged and with what result?
- What is the enemy doing militarily? What can he do?

-- What are the basic thrusts of our program effort: Are we asking ARVN to replace U.S. units but giving them inadequate helicopter and artillery support? Are we giving ARVN too much equipment? What are we doing in support of the GVN's territorial forces?

Only in the case of the pacification situation is this type of knowledge available. The Vietnam Special Studies Group has developed a sound conceptual and analytical framework for monitoring pacification progress. No such framework exists for evaluating ARVN effectiveness, the enemy's capabilities and strategy alternatives, or the current program effort.

RECOMMENDATION:

I recommend that you direct the preparation of a Quarterly Report on the State of the War and Vietnamization similar to the CIA's Strategic Report.

This report would give you the basis for making a broad evaluation of the war situation and for monitoring Vietnamization progress. If we had such a report now we would be able to respond to your request for a study of the make-up of South Vietnamese forces forthwith. It would enable you to monitor DOD's plan and judge DOD proposals in the context of the overall war situation.

The Quarterly Report on the State of the War and Vietnamization would include an analysis of:

-- State of the Main Force War. (The state of U.S. and ARVN regular forces, U.S. support for GVN forces, U.S. troop withdrawals, and an analysis of the friendly main force situation by Corps areas),

-- State of the Control War. (The pacification situation and prospects),

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-- State of the Enemy's Capabilities and Enemy Strategy Alternatives.

The report would be covered by a 10 to 15 page summary. It would be prepared by interagency task forces working under the supervision of the Vietnam Special Studies Group. A detailed proposed outline is at Tab B.

Approve

✓ RN

Disapprove

3-23-70

Enclosures

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THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

ETS-HK-D 17163

27 February 1970

MEMORANDUM FOR THE PRESIDENT

SUBJECT: FY 1970-71 Budget Situation for Vietnam

Our budgets for supporting military operations in Southeast Asia for FY 1970 and FY 1971 are tight by any reasonable standard. As I indicated to you in an October 6, 1969 memorandum on B-52 sorties and again on February 3, 1970, in a memorandum on operational contingencies for Southeast Asia, (a) we have had to cut back on some operational support (such as B-52 sorties) in FY 1970, and (b) we shall have to be increasingly mindful of costs throughout the remainder of this fiscal year and throughout the next. I should like to highlight the nature of the problem for you.

The dollar amounts and activity rates being postulated would, perhaps, be illuminating. The following table outlines, in brief, selected activity and funding indicators:

	<u>FY 1970</u>	<u>FY 1971</u>
<u>Southeast Asia Incremental</u>		
(Costs by Budget Title		
\$millions-TOA)		
Military Personnel	\$ 5,367	\$ 4,074
Operations and Maintenance	5,322	3,470
Procurement	3,861	2,509
Research & Development	133	104
Military Construction	34	77
Combat Readiness, SVN Forces	--	300
Sub-Total	<u>\$14,717</u>	<u>\$10,534</u>
<u>Budgeted Amounts Selected Items</u>		
(\$millions-TOA)		
Supplies and Material	\$ 2,263	\$ 1,501
(O&M financed)		
Ground Munitions	1,868	1,106
Air Munitions	1,304	903
Aircraft Procurement	1,284	807
<u>Tactical Air Operating Rates</u>		
Attack Sorties per month	26,800	18,800
B-52 Sorties per month	1,400	1,200

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The most obvious point in the data shown is that Defense funds and activity levels for Southeast Asia are large in absolute terms, but are diminishing. The resources available to our forces will become fewer rather than more. Current budget plans should be adequate to support our objectives, but the choices involved in allocating the increasingly scarce resources will become harder and harder.

Another point -- and one which is not so obvious -- is that resource problems can develop as our forces in Southeast Asia respond to changing combat situations. During January 1970, for example, our tactical air forces increased their sortie levels and ordnance expenditures to, or above, programmed levels. Total attack sorties increased to 27,600, after having declined to 23,700 in October 1969. The consistent increase since November reflected the tempo of activity in Laos. Attack sorties in that country increased from 10,500 to 14,200 during the period from October 1969 through January 1970, respectively. Furthermore, air ordnance consumption during January totaled 117,000 tons, well above the anticipated 100,000 tons expenditure. This may be construed as a one-time surge in operations; but it may require the reprogramming of \$100 million in FY 1971 funds to insure maintenance of adequate air munitions stocks. As is evident from the FY 1971 budget data, such reprogramming will not be an easy chore.

As we proceed with the Vietnamization program, US combat and combat support efforts will continue to be reduced. As you know, we anticipated, during the development of the FY 1971 budget, that further significant reductions in both our deployment and activity rates would be feasible. This anticipation permitted further sizeable cuts in the Defense budget now before Congress. But these reductions also impose financial constraints that restrict to a considerable degree our ability to impose added operations, especially any high unit-cost or sustained operations, on the programmed operations rates.

To preserve adequate levels of flexibility, I have asked the Joint Chiefs of Staff and the field commanders to be mindful of the budget and resource situation. I have asked them, too, to be thinking of potential trade-offs. In a January 28, 1970 memorandum to the Chairman, Joint Chiefs of Staff, I noted:

"It is clear ... that if we are to consider seriously increases in one type of support, we must be willing to identify the trade-offs involved and specify what we shall give up in other areas to fund the increased activity."

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During my recent visit to South Vietnam, I emphasized the desirability of considering trade-offs within our Southeast Asia budget, if and when added operations are considered. We have already drawn down the baseline (peacetime) force to support activities in Southeast Asia.

The total FY 1971 budget, when expressed in terms of FY 1964 dollars, is only \$3.8 billion higher in outlays than FY 1964. Southeast Asia incremental support costs during FY 1971, expressed in FY 1964 dollars, total \$9.4 billion. Accordingly, funds in the amount of \$5.6 billion, in terms of 1964 dollars, will have to be diverted from support of the FY 1964 baseline (peacetime) force level to support of Southeast Asia. Further reductions in baseline force support would be necessary to finance any increases in Southeast Asia activity levels or forces during FY 1971 and would have a significant adverse impact. Any such reductions would have to be at the expense of readiness levels necessary to support NATO and other non-Southeast Asia commitments.

In thinking about Southeast Asia operations, especially any contemplated new operations, we should be aware of the generally tight budget situation. This situation will continue to constrain our operational options, and with increasing restrictiveness. When new operations are postulated, our first consideration must be the source of the resources.



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QUARTERLY OUTLINE REPORT ON STATE
OF THE WAR AND VIETNAMIZATION

I. State of the Main Force

A. Enemy Main Forces

An assessment of the current strengths, capabilities, structure, and disposition of enemy main force units. An analysis of the foregoing factors against past trends and an assessment of the significance of the current situation with regard to future enemy activity.

B. U.S. Main Forces

Current state of U.S. main force units, their strengths, composition, and deployments. An assessment of U.S. performance and effectiveness and the implications of the current U.S. role for planned troop withdrawals.

C. RVNAF Main Forces

-- Current strengths, dispositions, force composition, and vulnerabilities.

-- A trend analysis of RVNAF main force unit performance and effectiveness to include: force structure, (combat, combat support, combat service support) force readiness (manpower, training, logistics, intelligence, polwar/psyop), and operational performance (activity levels, operational effects, operational effectiveness).

-- A trend analysis to include the past and current status of programs to:

-- improve RVNAF leadership

-- equip RVNAF main forces

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-- provide combat support and combat service support to RVNAF main force units.

-- provide RVNAF with a logistics capability

-- provide RVNAF main forces with U.S. advisory support

-- improve RVNAF morale and performance.

II. State of the Control War

A. An analysis of the current and past control and security situations.

B. Evidence on the strength and durability of control as measured by:

-- RF, PF, and PSDF strengths, kills, kill ratios, desertions, operations per contact, and weapons captured/weapons lost. Available support for territorial forces including air and artillery, medical evacuations, equipment (e.g., weapons, radios) and logistics support,

-- significant economic development conditions including prices, production, and land reform,

-- the political situation to include evidence on province, district, and village hamlet leadership, corruption, and political attitudes.

III. State of Enemy Capability and Enemy Strategy and Tactics

A. An analysis of enemy logistics and manpower infiltration, recruitment, enemy losses, and projected aggregate enemy capabilities.

B. An analysis of enemy documents and sources relating to and activities of the main force, local force, guerrilla, and VCI elements of the enemy's force structure.

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C. An analysis of trends in the activities of the enemy to include types of incidents, attacks, and proselyting.

D. A summary analysis of the enemy's strategy drawing from the above and considering how the evidence on enemy capabilities, enemy activities, relates to specified enemy strategy options to include stepped up main force attacks, protracted war, and a political strategy of ceasefire, coalition or negotiations.

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EXCHANGES ON ARVN PAY AND PERFORMANCE

The following exchanges have taken place on the subject of ARVN pay and military performance:

-- At the June, 1969, Midway Conference the Vietnamese sought support for better living conditions for ARVN and argued that this would improve ARVN performance;

-- On November 24, 1969, after a conversation with Secretary Laird, you asked me to look into the relationship between ARVN desertions and pay;

-- On December 11, 1969, I sent you a memorandum that suggested that some particular financial reforms might cut desertions and you approved my sending Secretary Laird a memorandum suggesting that he look into the problem;

-- Secretary Laird replied in a memorandum dated January 28, 1970, that there might be something in the suggestion. He said he had instructed his staff to examine the idea in more detail and he planned to look into it on his trip;

-- In his trip report on February 17, 1970, Secretary Laird again mentioned the desertion-pay problem, saying "The South Vietnamese believe the continued success of Vietnamization depends in large measure on (a) better living standards for the military and their families and (b) more weapons." In the margin of Laird's report you noted his statement and questioned me on it.

Thus, nearly nine months after this problem was raised by the South Vietnamese, it has still not been resolved, and it could have important implications for Vietnamization success.

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ACTION
March 18, 1970

MEMORANDUM FOR DR. KISSINGER

FROM: Laurence E. Lynn, Jr.

SUBJECT: The Risks of Vietnamization

I have revised the "Risks of Vietnamization Memorandum," covering Secretary Laird's Vietnam budget memorandum, along the lines you suggested.

RECOMMENDATION:

That you sign the memorandum for the President at Tab A.

Enclosure

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